



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

In reply refer to:  
I-05/009502-BUSOPS

MEMORANDUM FOR SEE DISTRIBUTION

AUG 1 2005


SUBJECT: Payment Schedule Variance Report Policy & Procedures Update (DSCA 05-20)

REFERENCES: (a) DoD 5105.65M, "Foreign Military Sales (FMS) Case Reconciliation and Closure Manual (RCM)", dated August 11, 2004  
(b) DSCA Policy Memo 01-22, Finance IPT Reinvention Policy Documents, dated 19 September 2001

This memorandum provides an update to and supercedes the Payment Schedule Variance Report (PSVR) financial reporting process for FMS cases issued per references a and b. These revised PSVR reporting procedures will improve the timeliness of the PSVR, simplify the report format to enhance its use and ease of understanding, focus the payment schedule review process on the more critical, large dollar FMS cases, and provide a more accurate financial analysis of projected requirements to actual case execution.

The PSVR will be prepared and distributed on a quarterly basis effective 30 June 2005, with a report due out date of 15 days after the close of each quarter. The report compares projected financial requirements in the payment schedule to actual case execution. This comparison focuses on large dollar FMS cases most critical to an FMS customer's overall financial status. The quarterly PSVR will be provided to DSCA country financial managers for review and assistance in managing their respective programs. DSCA country financial managers will determine if follow-up action with the respective Military Departments is necessary to potentially revise existing payment schedules for these cases.

A copy of the revised PSVR format and associated report lexicon are attached. The revised PSVR financial procedures summarized above will be appropriately addressed in reference a. Please note references a and b also include the requirement for Implementing Agencies to review and update payment schedules. The requirement remains unchanged as this memorandum only revises the PSVR reporting process. The DSCA points of contact for this PSVR policy and guidance are Mr. Charlie Kullhem (303-676-6190) and Mr. Bill Kramer (303-676-6178).

  
Keith B. Webster  
Principal Director,  
Business Operations

Attachments:  
As Stated

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## REVISED PSVR REPORT FORMAT

7/25/2005

CC	IA	CASE	ICS	PREPARING ACTIVITY ID	DT-IMPL	ORD (0403BP)	PROJ. FR (0403BP)	CURRENT FR (0409BP)	% COMP (0409BP)	MAR 04 VAR	JUN 04 VAR	SEP 04 VAR	AVG VAR
BN	D	ABC	D	AFSACCOMW	97177	15,356,145	15,356,145	10,979,741	71.5%	28.5%	28.5%	28.5%	28.5%
BN	P	DEF	D	NAVAIR	01180	21,127,393	8,585,148	2,354,754	11.1%	-6.9%	73.0%	72.9%	46.3%
BN	P	GHI	D	NAVICPD	00287	31,850,000	1,643,358	4,864,096	15.3%	-195.5%	-15.2%	-196.0%	-135.6%

## LEXICON FOR PAYMENT SCHEDULE VARIANCE REPORT

Overall premise in using the following dates and data for payment schedule variances is that the financial requirements, per payment schedule, are billed on the DD Form 645 (DD645) for expected customer payment within 90 days after the billing DD645, to cover expenditures occurring 180 days after the DD645 billing. For example, for financial requirements on the JUN XX DD645, the payment is expected by 15 SEP XX to cover expenditures through 31 DEC XX. By comparing the financial requirements on the JUN XX DD Form 645 to the Accrued Costs and Disbursements at 31 DEC XX provides a measure as to the accuracy of the financial requirements (payment schedule) on individual cases. The report compares projected financial requirements, as reflected on the quarterly FMS Billing Statement (Column 12) to the actual financial requirements incurred through the end of the quarter covered by the financial requirements. The report is now provided to DSCA/CFM for action. The PSVR is distributed by DSCA/FPS on a quarterly basis. In "data fields" below, YY=Year and MM or MMM=Month. The YY/MM format denotes the year/month (or month/year) format of the corresponding report column. BP = Bill Position.

<b>DATA FIELD</b>	<b>DEFINITION/DATA OPTIONS</b>
<b>CC</b>	Country Code (Excludes 2A, 2B, 2C, 2D, 3W, 39, 67,W1, IR, 8A, 8B, 8C)
<b>IA</b>	U.S. Implementing Agency (excludes X - DFAS-AY/DE)
<b>CASE</b>	Case Designator
<b>ICS</b>	In-Country Service Code
<b>PREPARING ACTIVITY ID</b>	Preparing Activity Indicator. This is the preparing activity indicator residing in DSAMS.
<b>DT IMPL</b>	The Julian Calendar date on which the case was implemented in DIFS
<b>ORD (YYMM BP)</b>	Totaled Ordered Value of LOA, including last amendment/modification. As of DD 645 Bill Position (e.g., Mar, Jun, Sep, Dec)
<b>PROJECTED FR (YYMM BP)</b>	The total financial requirements, per the LOA payment schedule, at the time of Bill Position.
<b>CURRENT FR (YYMM BP)</b>	Current Financial Requirements. Includes Accrued Costs (Total Deliveries + Progress Payments Disbursed Undelivered + Contractor Holdback + Progress Payment Admin Fee), unliquidated or outstanding Expenditure Authority at the end of the current quarter, and the value of the computed Termination Liability reserve requirement for the 90 day period following the close of the current quarter. For example, Mar report is for requirements of Jul-Sep. Jun report = Oct-Dec; Sep report = Jan-Mar; Dec report = Apr-Jun.
<b>% COMP (YYMM BP)</b>	Percent the case is complete as of the last date the DD645 was prepared. This is the Accrued Cost relative to the Ordered Cost.
<b>MMM YY VAR</b>	
<b>MMM YY VAR</b>	For three consecutive billing periods, this is the variance when comparing the Projected Financial Requirements (FR) to Current Financial Requirements. A POSITIVE variance (the Projected FR are higher than the Current Financial Requirements may indicate that the payment schedules are accelerated and may be causing the FMS customer to deposit funds into their Trust Fund ahead of requirements. A NEGATIVE variance ( the Projected FR are lower than Current FR) may indicate that Payment Schedules are lagging behind case execution and the MILDEPs expenditures may not be covered by FMS customer deposits for that specific FMS case.
<b>MMM YY VAR</b>	
<b>AVG VAR</b>	Average Variance. Average variance of the previous quarters. For example, MAR, JUN and SEP absolute variances divided by 3.